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January 9, 2014

M E M O R A N D U M

TO: State Board of Education

FROM: John C. Austin, President, State Board of Education

SUBJECT: Discussion Regarding Michigan Education Organization and Finance Research

The State Board of Education will discuss the attached Michigan State Board of Education Proposed Work Program – Driving Understanding and Proposing Solutions to Michigan School Organization and Finance Needs, at its meeting on January 14, 2014.

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Michigan State Board of Education – Proposed Work Program

Driving Understanding and Proposing Solutions to Michigan School Organization and Finance Needs

Michigan's students are not making academic gains seen in other states, and our schools are facing increasing financial pressures. While there is no current consensus on the specific tactics for change in how Michigan organizes and finances education in order to improve learning outcomes, there is a broadly shared sense that the current system needs substantial rework. Twenty years after Proposal A, Michigan has seen many changes in school organization, service delivery, new reforms and demands, and changes in fiscal climate, tax and spending policies. The goal of any future changes must be to support and improve student learning and outcomes.

That is why the State Board of Education (SBE), constitutionally charged to provide leadership for public education and make recommendations to the Legislature and the Governor on the financial requirements for same, unanimously approved on June 21, 2013 as our first priority for 2013-14: *“Lead in developing a vision and comprehensive plan for redesigning Michigan school organization and finance that supports attainment of robust learning standards, necessary skills, and good outcomes for all students; and that provides the requisite, predictable and fairly delivered public funding to reasonably achieve these goals.”*

In executing this priority the SBE has initiated a process to help identify key issues, drive understanding of what factors are affecting school finance and student outcomes, learn from the experience of other states, and ultimately make recommendations concerning improvements in Michigan's school organization and finance model.

Over recent months we have commissioned research on Michigan's school finance situation, begun examination of the frameworks of other states, solicited input from education experts, and engaged in a working committee with Legislative leaders around similar goals and interests.

Over the coming months the SBE proposes to enhance these efforts, in concert with Michigan's education stakeholders, towards developing a compelling, practical, broadly informed understanding of the issues, and recommendations for changes to Michigan's School Organization and Finance model, and as recommendations to the Legislature and Governor in 2015.

Goals for State Board Action: It is proposed that during 2014 the State Board will conduct a set of activities towards three goals:

1. Contribute to the understanding of the factors driving the school finance challenges in Michigan; to inform the SBE, the public, and key stakeholders and encourage as much consensus as possible on the “facts” of the school finance case;
2. Examine and learn from school organization and finance models in other peer and high-achieving state systems;

3. Identify and make recommendations for changes in Michigan school organization and finance policy; providing the broad contours of the reworking of Proposal A, to reflect new education and demographic realities and opportunities.

Activities to Execute Work Program

- Solicit independent, expert analysis concerning Michigan's school finance trends, major issues, remedies, and recommendations from a variety of perspectives.
- Solicit independent analysis and expert perspective concerning what can be learned from other state systems.
- Engage with and invite the Michigan Education stakeholder community to share perspective and recommendations for school organization and finance changes.
- Dedicate time at every SBE meeting through the year for expert analysis, stakeholder perspective and Board discussion.
- Conduct regional public forums to discuss school finance issues, and ideas for change.
- Develop and approve an SBE analysis and recommendations for Legislative and policy action around school finance changes.
- Continue to look for areas of agreement and shared action with the Legislature and Governor in short-term.